

INTERNAL REVENUE BULLETIN



HIGHLIGHTS OF THIS ISSUE

These synopses are intended only as aids to the reader in identifying the subject matter covered. They may not be relied upon as authoritative interpretations.

Bulletin No. 2019-14
April 1, 2019

ADMINISTRATIVE

Notice 2019-20, page 927.

This Notice provides penalty relief under sections 6722 (failure to furnish correct payee statements); 6698 (failure to file partnership return); section 6038(b) and (c) (failure to furnish information with respect to certain partnerships); and any other section for filing or furnishing Schedules K-1 or other forms or statements, where a penalty is imposed solely as a result of failing to include information about partners' negative tax basis capital accounts for the 2018 tax year.

Notice 2019-22, page 931.

Section 30D provides a credit of up to \$7,500 for new qualified plug-in electric drive motor vehicles sold after December 31, 2009. This notice announces the credit phase-out schedule for new qualified plug-in electric drive motor vehicles sold by General Motors, LLC. Section 30D of the Internal Revenue Code provides for a credit determined under § 30D(b) for certain new qualified plug-in electric drive motor vehicles. The new qualified plug-in electric drive motor vehicle credit begins to phase out for a manufacturer's qualified plug-in electric drive motor vehicles in the second calendar quarter after the calendar quarter in which at least 200,000 of the manufacturer's vehicles that qualify for the credit have been sold for use or lease in the United States (determined on a cumulative basis for sales after December 31, 2009). General Motors, LLC has submitted quarterly reports that indicate that its cumulative sales of qualified plug-in electric drive motor vehicles reached the 200,000-vehicle limit during the calendar quarter ending December 31, 2018. Accordingly, the credit for all new qualified plug-in electric drive motor vehicles sold by General Motors, LLC will begin to phase out on April 1, 2019.

EMPLOYEE PLANS

Notice 2019-21, page 927.

This notice sets forth updates on the corporate bond monthly yield curve, the corresponding spot segment rates for March 2019 used under § 417(e)(3)(D), the 24-month average segment rates applicable for March 2019, and the 30-year Treasury rates, as reflected by the application of § 430(h)(2)(C)(iv).

REV. RUL. 2019-06, page 919.

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, effective January 1, 2019.

INCOME TAX

Notice 2019-24, page 932.

Notice 2019-24 provides for adjustment to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code. These adjustments are made on the basic geographical differences in housing costs in the United States. Further, if the limitation on housing expenses is higher for taxable year 2019 than the adjusted limitations on housing expenses provided in Notice 2018-44, qualified taxpayers may apply the adjusted limitations for taxable year 2019 to their 2018 taxable year.

REV PROC 2019-15, page 939.

Attached is Revenue Procedure 2019-15, which provides a waiver for the time requirements for individuals electing to exclude their foreign earned income who must leave a foreign country because of war, civil unrest, or similar adverse conditions in that country. Rev. Proc. 2019-15 adds the Democratic Republic of the Congo, Cuba, Iraq, and Nicaragua to the list of waiver countries for tax year 2018 for which the minimum time requirements are waived. Generally, U.S. citizens or resident

aliens living and working abroad are taxed on their worldwide income. However, if their tax home is in a foreign country and they meet either the bona fide residence test or the physical presence test, they can choose to exclude from their income a limited amount of their foreign earned income (\$103,900 for 20018). Both the bona fide residence test and the physical presence test contain minimum time requirements.

REV. RUL. 2019–08, page 923.

Federal rates; adjusted federal rates; adjusted federal long-term rate, the long-term exempt rate, and the blended annual rate. For purposes of sections 382, 1274, 1288, 7872 and other sections of the Code, tables set forth the rates for April 2019.

REV. RUL. 2019–09, page 925.

This revenue ruling suspends Rev. Rul. 57–464, 1957–2 C.B. 244, and Rev. Rul. 57–492, 1957–2 C.B. 247, pending the completion of a study by the Department of the Treasury and the Internal Revenue Service regarding the active trade or business requirement under sections 355(a)(1)(C) and (b) of the Internal Revenue Code.

T.D. 9851, page 917.

These final regulations provide guidance on the requirements that are used to determine whether a corporation qualifies as a regulated investment company (RIC) for federal income tax purposes. The final regulations clarify that amounts included in gross income under § 951(a)(1)(A) or 1293(a) are treated as dividends only to the extent that there is an actual distribution out of the earnings and profits of the taxable year that are attributable to the amounts so included. The final regulations also provide that inclusions under §§ 951(a)(1) and 1293(a) derived with respect to a RIC's business of investing in stock, securities, or currencies are other qualifying income for purposes of the RIC income test under § 851(b)(2).

The IRS Mission

Provide America's taxpayers top-quality service by helping them understand and meet their tax responsibilities and enforce the law with integrity and fairness to all.

Introduction

The Internal Revenue Bulletin is the authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the Internal Revenue Service and for publishing Treasury Decisions, Executive Orders, Tax Conventions, legislation, court decisions, and other items of general interest. It is published weekly.

It is the policy of the Service to publish in the Bulletin all substantive rulings necessary to promote a uniform application of the tax laws, including all rulings that supersede, revoke, modify, or amend any of those previously published in the Bulletin. All published rulings apply retroactively unless otherwise indicated. Procedures relating solely to matters of internal management are not published; however, statements of internal practices and procedures that affect the rights and duties of taxpayers are published.

Revenue rulings represent the conclusions of the Service on the application of the law to the pivotal facts stated in the revenue ruling. In those based on positions taken in rulings to taxpayers or technical advice to Service field offices, identifying details and information of a confidential nature are deleted to prevent unwarranted invasions of privacy and to comply with statutory requirements.

Rulings and procedures reported in the Bulletin do not have the force and effect of Treasury Department Regulations, but they may be used as precedents. Unpublished rulings will not be relied on, used, or cited as precedents by Service personnel in the disposition of other cases. In applying published rulings and procedures, the effect of subsequent legislation, regulations, court decisions, rulings, and procedures must be considered, and Service personnel and others concerned are cautioned

against reaching the same conclusions in other cases unless the facts and circumstances are substantially the same.

The Bulletin is divided into four parts as follows:

Part I.—1986 Code.

This part includes rulings and decisions based on provisions of the Internal Revenue Code of 1986.

Part II.—Treaties and Tax Legislation.

This part is divided into two subparts as follows: Subpart A, Tax Conventions and Other Related Items, and Subpart B, Legislation and Related Committee Reports.

Part III.—Administrative, Procedural, and Miscellaneous.

To the extent practicable, pertinent cross references to these subjects are contained in the other Parts and Subparts. Also included in this part are Bank Secrecy Act Administrative Rulings. Bank Secrecy Act Administrative Rulings are issued by the Department of the Treasury's Office of the Assistant Secretary (Enforcement).

Part IV.—Items of General Interest.

This part includes notices of proposed rulemakings, disbarment and suspension lists, and announcements.

The last Bulletin for each month includes a cumulative index for the matters published during the preceding months. These monthly indexes are cumulated on a semiannual basis, and are published in the last Bulletin of each semiannual period.

The contents of this publication are not copyrighted and may be reprinted freely. A citation of the Internal Revenue Bulletin as the source would be appropriate.

Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

26 CFR 1.851-2

T.D. 9851

DEPARTMENT OF THE TREASURY Internal Revenue Service 26 CFR Part 1

Guidance Under Section 851 Relating to Investments in Stock and Securities

AGENCY: Internal Revenue Service (IRS),
Treasury.

ACTION: Final Regulations.

SUMMARY: This document provides final regulations relating to the income test used to determine whether a corporation may qualify as a regulated investment company (RIC) for Federal income tax purposes. These final regulations provide guidance to corporations that intend to qualify as RICs.

DATES: *Effective Date:* These regulations are effective on March 19, 2019.

Applicability Date: For the date of applicability, see § 1.851-2(d).

FOR FURTHER INFORMATION CONTACT: Matthew Howard at (202) 317-7053 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

This document contains amendments to the Income Tax Regulations (26 CFR part 1) relating to RICs. Section 851 of the Internal Revenue Code (Code) sets forth requirements for qualifying as a RIC.

On September 28, 2016, a notice of proposed rulemaking (REG-123600-16) was published in the **Federal Register** (81 FR 66576) under section 851. No public hearing was requested or held. Written or electronic comments responding to the notice of proposed rulemaking were received. After consideration of all the comments, the proposed regulations are adopted as revised by this Treasury decision containing final regulations. The revisions

to the proposed regulations are discussed in the Summary of Comments and Explanation of Revisions.

Summary of Comments and Explanation of Revisions

In response to the notice of proposed rulemaking, the IRS received five written comments that are available for public inspection at www.regulations.gov or upon request.

A. Revisions Due to Statutory Changes

The notice of proposed rulemaking proposed revisions to § 1.851-2(b)(1), which had been published in the **Federal Register** (25 FR 11910) on November 26, 1960, as part of TD 6500 (1960 final regulations). The proposed revisions would conform § 1.851-2(b)(1) to several changes to the statutory text of section 851(b)(2) enacted after the 1960 final regulations were published. See Pub. L. 95-345, § 2(a)(3), 92 Stat. 481, 481 (1978); Tax Reform Act of 1986, Pub. L. 99-514, § 653(b), 100 Stat. 2085, 2298 (1986); Taxpayer Relief Act of 1997, Pub. L. 105-34, § 1271(a), 111 Stat. 788, 1036 (1997). No comments were received on these proposed revisions. Accordingly, the final regulations adopt the revisions to § 1.851-2(b)(1) as proposed.

B. Defining Securities

In the notice of proposed rulemaking, the Department of the Treasury (Treasury Department) and the IRS determined that the IRS should no longer issue private letter rulings on questions relating to the treatment of a corporation as a RIC that require a determination of whether a financial instrument or position is a security under the Investment Company Act of 1940, Pub. L. No. 76-768, 54 Stat. 789 (codified as amended at 15 U.S.C. §§ 80a-1 – 80a-64 (2016)) (1940 Act). Contemporaneously with the publication of the notice of proposed rulemaking, the Treasury Department and the IRS issued Rev. Proc. 2016-50 (2016-43 I.R.B. 522), which provides that the IRS ordinar-

ily will not issue rulings or determination letters on any issue relating to the treatment of a corporation as a RIC that requires a determination of whether a financial instrument or position is a security under the 1940 Act. One commenter recommended that the IRS not add this issue to the no-rule list and that the IRS continue to consider ruling requests in situations in which the status of an investment as a security under section 2(a)(36) of the 1940 Act is sufficiently clear under the language of the 1940 Act or under relevant guidance from the SEC. In issuing the notice of proposed rulemaking and Rev. Proc. 2016-50, the Treasury Department and the IRS considered the issues, the resource constraints of the IRS, and the jurisdiction of the SEC under the 1940 Act and determined that the IRS ordinarily should not issue rulings that require a determination by the IRS of whether a financial instrument or position is a security under the 1940 Act. If the security status of an instrument is sufficiently clear under the 1940 Act, or if the SEC has issued relevant guidance, any other requested ruling may be considered by the IRS subject to other limitations applicable to all ruling requests. See, for example, section 6 of Rev. Proc. 2019-1 (2019-1 I.R.B. 1, 18). The IRS therefore declines to adopt the suggestion and has continued to include the issue described in Rev. Proc. 2016-50 in the list of areas in which rulings or determinations letters will not ordinarily be issued. See, for example, section 4.01(44) of Rev. Proc. 2019-3 (2019-1 I.R.B. 130, 140).

In the notice of proposed rulemaking, the Treasury Department and the IRS also requested comments as to whether Rev. Rul. 2006-1 (2006-1 C.B. 261), Rev. Rul. 2006-31 (2006-1 C.B. 1133), and other previously issued guidance involving determinations of whether a financial instrument or position held by a RIC is a security under the 1940 Act should be withdrawn. Commenters recommended that Rev. Rul. 2006-1 and Rev. Rul. 2006-31 not be withdrawn because RICs rely on those rulings to invest with confidence in certain derivatives on stocks and

securities. The commenters suggested that withdrawal of those rulings would create confusion and uncertainty with respect to investments by a RIC. After consideration of the comments, the Treasury Department and the IRS have decided not to withdraw the revenue rulings at this time.

C. Inclusions Under Section 951(a)(1) or 1293(a)

In certain circumstances, a U.S. person may be required under section 951(a)(1) or 1293(a) to include in taxable income certain earnings of a foreign corporation in which the U.S. person holds an interest, without regard to whether the foreign corporation makes a distribution to the U.S. person. The Tax Reduction Act of 1975, Pub. L. No. 94-12, § 602, 89 Stat. 26, 58 (1975 Act), substantially increased the overall amount of these inclusions. Because these inclusions are not dividends (even if accompanied by a corresponding distribution), they would have been non-qualifying gross income for RICs. However, the same subsection of the 1975 Act that increased the amount of inclusions also amended section 851(b). This amendment provided that an inclusion under section 951 was treated as a dividend (and therefore qualifying income for purposes of section 851(b)(2)) if the inclusion was accompanied by a distribution out of the earnings and profits of the taxable year that are attributable to the amounts so included. The Tax Reform Act of 1986, Pub. L. No. 99-514, § 1235, 100 Stat. 2085, 2575 (1986 Act), provided the same dividend treatment for amounts included in income under section 1293(a). The current version of the language added by the 1975 and 1986 amendments provides:

For purposes of [section 851(b)(2)], there shall be treated as dividends amounts included in gross income under section 951(a)(1)(A) or 1293(a) for the taxable year to the extent that, under section 959(a)(1) or 1293(c) (as the case may be), there is a distribution out of the earnings and profits of the taxable year which are attributable to the amounts so included.

The 1986 Act also added to the description of a RIC's qualifying income

“other income (including but not limited to gains from options, futures or forward contracts) derived with respect to its business of investing in . . . stock, securities, or currencies.”

The amendments to section 851(b) by the 1975 Act and the 1986 Act unambiguously condition dividend treatment of an inclusion under section 951(a)(1)(A) or 1293(a) on a distribution from the foreign corporation's earnings and profits attributable to the amount included. Absent a distribution, there is no support in the Code for treating an inclusion under section 951(a)(1)(A) or 1293(a) as a dividend under section 851. The proposed regulations would, therefore, clarify that an inclusion under section 951(a)(1)(A) or 1293(a) is treated as a dividend for purposes of section 851(b)(2) only to the extent that the distribution requirement in section 851(b) is met. All five commenters acknowledged that the distribution requirement for dividend treatment in the proposed regulations is consistent with the statutory language in section 851(b). Accordingly, the final regulations adopt the clarification of the distribution requirement as proposed.

The proposed regulations, however, also would provide that dividend treatment is the only manner in which an inclusion under section 951(a)(1) or 1293(a) may be qualifying income. That is, under the proposed regulations, for purposes of section 851(b)(2) neither of these inclusions would be other income derived with respect to a RIC's business of investing in stock, securities, or currencies (Non-qualifying Income Proposal). Commenters unanimously recommended that the Treasury Department and the IRS exclude the Non-qualifying Income Proposal from the final regulations. Commenters noted that some RICs have no ability to control when, or whether, distributions are made and may have income inclusions in excess of available or allowable distributions.

Commenters also suggested that the Non-qualifying Income Proposal would produce inconsistent results. For example, if a RIC has income inclusions with respect to a passive foreign investment company (PFIC) as a result of making a market-to-market election under section 1296 with respect to the PFIC, the RIC would have qualifying income under section

851(b). See section 1296(h), which specifically treats that income as a dividend even though there has been no distribution. In contrast, if the RIC had made a qualified electing fund election under section 1293 with respect to a PFIC, then the Non-qualifying Income Proposal would prevent income inclusions with respect to that PFIC from being qualifying income.

The Treasury Department and the IRS have carefully considered the comments and recognize that the Non-qualifying Income Proposal creates an unintended effect on the RIC income test of section 851(b)(2). For example, certain types of income, such as interest and dividends, would be considered qualifying income if earned directly by a RIC. These types of income, however, would not be qualifying income when received by a controlled foreign corporation or PFIC and included in a RIC's income under section 951(a)(1) or 1293(a), unless there is a corresponding distribution. Accordingly, the Treasury Department and the IRS have decided not to include the Non-qualifying Income Proposal in these final regulations.

One commenter further recommended that the final regulations treat inclusions under sections 951(a)(1)(A) and 1293(a) derived with respect to a RIC's business of investing in stock, securities, or currencies as other qualifying income for purposes of the RIC income test of section 851(b)(2) (Qualifying Income Proposal). The Treasury Department and the IRS recognize that inclusions under sections 951(a)(1) and 1293(a) with respect to which there are no corresponding distributions may be accelerations of income derived from stock that otherwise would be recognized as a dividend or as gain from the sale or other disposition of stock. The Qualifying Income Proposal recommended by the commenter would treat these inclusions as qualifying income for purposes of section 851(b)(2). That is, it would apply to inclusions with respect to which there are no corresponding contemporaneous distributions and which otherwise would not be treated as dividends even though those inclusions are connected to a RIC's business of investing in stock, securities, or currencies. After further consideration of the issues raised by the commenter and the provisions in “An Act to provide for reconciliation pursuant

to titles II and V of the concurrent resolution on the budget for fiscal year 2018,” P.L. 115–97, title 1, § 11000, 131 Stat. 2054 (Dec. 22, 2017), affecting the taxation of income earned outside of the United States, the Treasury Department and the IRS adopt the Qualifying Income Proposal in the final regulations.

Special Analyses

This regulation is not subject to review under section 6(b) of Executive Order 12866 pursuant to the Memorandum of Agreement (April 11, 2018) between the Treasury Department and the Office of Management and Budget regarding review of tax regulations.

Because these regulations do not impose a collection of information on small entities, the Regulatory Flexibility Act (5 U.S.C. chapter 6) does not apply. Pursuant to section 7805(f) of the Internal Revenue Code, the notice of proposed rulemaking preceding these regulations was submitted to the Chief Counsel for Advocacy of the Small Business Administration for comment on its impact on small business, and no comments were received.

Statement of Availability of IRS Documents

The IRS revenue procedures and revenue rulings cited in this document are published in the Internal Revenue Bulletin (or Cumulative Bulletin) and are available from the Superintendent of Documents, U.S. Government Publishing Office, Washington, DC 20402, or by visiting the IRS website at www.irs.gov.

Drafting Information

The principal author of these final regulations is Matthew Howard, Office of Associate Chief Counsel (Financial Institutions and Products). However, other personnel from the Treasury Department and the IRS participated in their development.

Adoption of Amendments to the Regulations

Accordingly, 26 CFR part 1 is amended as follows:

PART 1—INCOME TAXES

Paragraph 1. The authority citation for part 1 continues to read in part as follows:

Authority: 26 U.S.C. 7805 *****

Par. 2. Section 1.851–2 is amended by revising paragraphs (b)(1) and (b)(2)(i), and adding paragraphs (b)(2)(iii) and (d) to read as follows:

§ 1.851–2 *Limitations.*

(b) *** (1) *General rule.* A corporation will not be a regulated investment company for a taxable year unless 90 percent of its gross income for that year is income described in paragraph (b)(1)(i) or (ii) of this section. Any loss from the sale or other disposition of stock or securities is not taken into account in the gross income computation.

(i) *Gross income amounts.* Income is described in this paragraph (b)(1)(i) if it is gross income derived from:

(A) Dividends;

(B) Interest;

(C) Payments with respect to securities loans (as defined in section 512(a)(5));

(D) Gains from the sale or other disposition of stocks or securities (as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended);

(E) Gains from the sale or other disposition of foreign currencies; or

(F) Other income (including but not limited to gains from options, futures, or forward contracts) derived with respect to a regulated investment company’s business of investing in such stock, securities, or currencies.

(ii) *Income from a publicly traded partnership.* Income is described in this paragraph (b)(1)(ii) if it is net income derived from an interest in a qualified publicly traded partnership (as defined in section 851(h)).

(2) *** (i) For purposes of section 851(b)(2)(A) and paragraph (b)(1)(i)(A) of this section, amounts included in gross income for the taxable year under section 951(a)(1)(A) or 1293(a) are treated as dividends only to the extent that, under section 959(a)(1) or 1293(c) (as the case may be), there is a distribution out of the earnings and profits of the taxable year that are attributable to the amounts included in gross income for the taxable year under section 951(a)(1)(A) or 1293(a). For alloca-

tion of distributions to earnings and profits of foreign corporations, see § 1.959–3.

(iii) If an amount is included in gross income under section 951(a)(1) or 1293(a) and is derived with respect to a corporation’s business of investing in stock, securities, or currencies then the amount is other income described in section 851(b)(2)(A) and paragraph (b)(1)(i)(F) of this section. Notwithstanding paragraph (d) of this section, a taxpayer may rely on the rule in this paragraph (b)(2)(iii) for taxable years that begin after September 28, 2016.

(d) *Applicability date.* The rules in paragraphs (b)(1) and (b)(2)(i) and (iii) apply to taxable years that begin after June 17, 2019.

Kirsten Wielobob

Deputy Commissioner for Services and Enforcement.

Approved: February 15, 2019

David J. Kautter

Assistant Secretary of the Treasury (Tax Policy).

(Filed by the Office of the Federal Register on March 18, 2019, 8:45 a.m., and published in the issue of the Federal Register for March 19, 2019, 84 F.R. 9959)

Section 401.—Qualified Pension, Profit-Sharing, and Stock Bonus Plans

26 CFR 1.401(l)–1: Permitted disparity in employer-provided contributions or benefits

Rev. Rul. 2019–06

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, for the 2019 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the “Act”) for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) states that the determination for any year preceding the

year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) of the Income Tax Regulations defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain)

social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee's covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee's covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee's covered compensation for a plan year during which the 35-year period ends. An employee's covered compensation for a plan year beginning before the 35-year

period applicable under § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee's covered compensation under § 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2019 year, the taxable wage base is \$132,900.

The following tables provide covered compensation for 2019.

ATTACHMENT I		
2019 COVERED COMPENSATION TABLE		
CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2019 COVERED COMPENSATION TABLE II
1907	1972	\$ 4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128

ATTACHMENT I
2019 COVERED COMPENSATION TABLE
CALENDAR YEAR OF
SOCIAL SECURITY
RETIREMENT AGE

CALENDAR
YEAR OF
BIRTH

2019 COVERED
COMPENSATION
TABLE II

1934	1999	33,060
1935	2000	35,100
1936	2001	37,212
1937	2002	39,444
1938	2004	43,992
1939	2005	46,344
1940	2006	48,816
1941	2007	51,348
1942	2008	53,952
1943	2009	56,628
1944	2010	59,268
1945	2011	61,884
1946	2012	64,560
1947	2013	67,308
1948	2014	69,996
1949	2015	72,636
1950	2016	75,180
1951	2017	77,880
1952	2018	80,532
1953	2019	83,244
1954	2020	85,920
1955	2022	91,056
1956	2023	93,564
1957	2024	96,000
1958	2025	98,328
1959	2026	100,596
1960	2027	102,804
1961	2028	104,964
1962	2029	107,028
1963	2030	109,080
1964	2031	111,084
1965	2032	113,004
1966	2033	114,852
1967	2034	116,580
1968	2035	118,200
1969	2036	119,700
1970	2037	121,068
1971	2038	122,376
1972	2039	123,660
1973	2040	124,884
1974	2041	126,000
1975	2042	127,008
1976	2043	127,884

ATTACHMENT I
2019 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2019 COVERED COMPENSATION TABLE II
1977	2044	128,640
1978	2045	129,384
1979	2046	130,128
1980	2047	130,776
1981	2048	131,328
1982	2049	131,784
1983	2050	132,192
1984	2051	132,600
1985	2052	132,768
1986 and Later	2053 and Later	132,900

ATTACHMENT II
2019 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2019 COVERED COMPENSATION ROUNDED
1937	\$ 39,000
1938 – 1939	45,000
1940	48,000
1941	51,000
1942	54,000
1943	57,000
1944	60,000
1945	63,000
1946 – 1947	66,000
1948	69,000
1949	72,000
1950	75,000
1951	78,000
1952	81,000
1953	84,000
1954	87,000
1955	90,000
1956	93,000
1957	96,000
1958	99,000
1959 – 1960	102,000
1961	105,000
1962 – 1963	108,000
1964	111,000
1965 – 1966	114,000

ATTACHMENT II
2019 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2019 COVERED COMPENSATION ROUNDED
1967 – 1968	117,000
1969 – 1970	120,000
1971 – 1972	123,000
1973 – 1975	126,000
1976 – 1979	129,000
1980 – 1983	132,000
1984 and Later	132,900

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Gregory K. Davis at 443-853-5590 (not toll-free numbers).

Section 1274.—Determination of Issue Price in the Case of Certain Debt Instruments Issued for Property

(Also Sections 42, 280G, 382, 467, 468, 482, 483, 1288, 7520, 7872.)

Rev. Rul. 2019–08

This revenue ruling provides various prescribed rates for federal income tax purposes for April 2019 (the current month). Table 1 contains the short-term, mid-term, and long-term applicable federal rates (AFR) for the current month for purposes of section 1274(d) of the Internal Revenue Code. Table 2 contains the short-term, mid-

term, and long-term adjusted applicable federal rates (adjusted AFR) for the current month for purposes of section 1288(b). Table 3 sets forth the adjusted federal long-term rate and the long-term tax-exempt rate described in section 382(f). Table 4 contains the appropriate percentages for determining the low-income housing credit described in section 42(b)(1) for buildings placed in service during the current month. However, under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%. Finally, Table 5 contains the federal rate for determining the present value of an annuity, an interest for life or for a term of years, or a remainder or a reversionary interest for purposes of section 7520.

REV. RUL. 2019–08 TABLE 1
Applicable Federal Rates (AFR) for April 2019
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
		<i>Short-term</i>		
AFR	2.52%	2.50%	2.49%	2.49%
110% AFR	2.77%	2.75%	2.74%	2.73%
120% AFR	3.02%	3.00%	2.99%	2.98%
130% AFR	3.28%	3.25%	3.24%	3.23%
		<i>Mid-term</i>		
AFR	2.55%	2.53%	2.52%	2.52%
110% AFR	2.80%	2.78%	2.77%	2.76%
120% AFR	3.06%	3.04%	3.03%	3.02%
130% AFR	3.32%	3.29%	3.28%	3.27%
150% AFR	3.84%	3.80%	3.78%	3.77%
175% AFR	4.48%	4.43%	4.41%	4.39%

REV. RUL. 2019-08 TABLE 1
Applicable Federal Rates (AFR) for April 2019
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i> <i>Long-term</i>	<i>Quarterly</i>	<i>Monthly</i>
AFR	2.89%	2.87%	2.86%	2.85%
110% AFR	3.18%	3.16%	3.15%	3.14%
120% AFR	3.47%	3.44%	3.43%	3.42%
130% AFR	3.76%	3.73%	3.71%	3.70%

REV. RUL. 2019-08 TABLE 2
Adjusted AFR for April 2019
Period for Compounding

	<i>Annual</i>	<i>Semiannual</i>	<i>Quarterly</i>	<i>Monthly</i>
Short-term adjusted AFR	1.91%	1.90%	1.90%	1.89%
Mid-term adjusted AFR	1.93%	1.92%	1.92%	1.91%
Long-term adjusted AFR	2.19%	2.18%	2.17%	2.17%

REV. RUL. 2019-08 TABLE 3
Rates Under Section 382 for April 2019

Adjusted federal long-term rate for the current month	2.19%
Long-term tax-exempt rate for ownership changes during the current month (the highest of the adjusted federal long-term rates for the current month and the prior two months.)	2.20%

REV. RUL. 2019-08 TABLE 4
Appropriate Percentages Under Section 42(b)(1) for April 2019
Note: Under section 42(b)(2), the applicable percentage for non-federally subsidized new buildings placed in service after July 30, 2008, shall not be less than 9%.

Appropriate percentage for the 70% present value low-income housing credit	7.63%
Appropriate percentage for the 30% present value low-income housing credit	3.27%

REV. RUL. 2019-08 TABLE 5
Rate Under Section 7520 for April 2019

Applicable federal rate for determining the present value of an annuity, an interest for life or a term of years, or a remainder or reversionary interest	3.0%
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Section 42.—Low-Income Housing Credit

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 280G.—Golden Parachute Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 382.—Limitation on Net Operating Loss Carryforwards and Certain Built-In Losses Following Ownership Change

The adjusted applicable federal long-term rate is set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 467.—Certain Payments for the Use of Property or Services

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 468.—Special Rules for Mining and Solid Waste Reclamation and Closing Costs

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 482.—Allocation of Income and Deductions Among Taxpayers

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 483.—Interest on Certain Deferred Payments

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 1288.—Treatment of Original Issue Discount on Tax-Exempt Obligations

The adjusted applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 7520.—Valuation Tables

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 7872.—Treatment of Loans With Below-Market Interest Rates

The applicable federal short-term, mid-term, and long-term rates are set forth for the month of April 2019. See Rev. Rul. 2019–08, page 923.

Section 355.—Distributions of Stock and Securities of a Controlled Corporation

26 CFR 1.355–3: Active conduct of a trade or business.

Rev. Rul. 2019–09

This revenue ruling suspends Rev. Rul. 57–464, 1957–2 C.B. 244, and Rev. Rul. 57–492, 1957–2 C.B. 247, pending the completion of a study by the Department of the Treasury (Treasury Department) and the Internal Revenue Service (Service) regarding the active trade or business (ATB) requirement under sections 355(a)(1)(C) and (b) of the Internal Revenue Code.

REVENUE RULINGS

In Rev. Rul. 57–464, the Service considered the section 355 qualification of a corporation’s separation of a manufacturing business from a group of real estate

assets consisting of an old factory building used for storage and four other buildings: a duplex apartment building rented to employees of the corporation, a small office building rented to a single tenant, and two houses, one of which was occupied by a sister-in-law of the president of the corporation. The use of the old factory building for storage “was not in itself the active operation of a business as defined in the regulations.” The rental activities “produced only a nominal rental” and “negligible” net income, and the properties “were acquired either as an investment or as a convenience to employees of the manufacturing business.” The Service held that the separation did not satisfy the ATB requirement.

In Rev. Rul. 57–492, a corporation engaged in refining, transporting, and marketing petroleum products began a separate operation to explore for and produce oil. The exploration and production operation incurred substantial expenditures but “did not include any income producing activity or any source of income” until less than five years preceding its separation from the primary refining, transportation, and marketing operation. The Service held that the exploration and production operation failed to qualify as an ATB because, “[b]efore oil was discovered in commercial quantities . . . , the venture . . . did not include any income producing activity or any source of income.”

LAW

Section 355(a)(1) provides that, if certain requirements are met, a corporation may distribute stock and securities of a controlled corporation to its shareholders and security holders without recognition of gain or loss or income to the recipient shareholders or security holders. Among those requirements, both the distributing corporation and the controlled corporation must be engaged in an ATB immediately after the distribution. Sections 355(a)(1)(C) and (b), and § 1.355–3(a)(1)(i). Each trade or business must have been actively conducted throughout the five-year period ending on the date of the distribution. Section 355(b)(2)(B) and § 1.355–3(b)(3).

Section 1.355–3(b)(2)(ii) describes a “trade or business” as “a specific group of activities [that] are being carried on by the

corporation for the purpose of earning income or profit, and the activities included in such group include every operation that forms a part of, or a step in, the process of earning income or profit.” In particular, “[s]uch group of activities ordinarily must include the collection of income and the payment of expenses.” Section 1.355-3(b)(2)(ii).

ANALYSIS

The Treasury Department and the Service are conducting a study to determine, for purposes of section 355, “whether a business can qualify as an ATB if entrepreneurial activities, as opposed to investment or other non-business activities, take place with the purpose of earning income in the future, but no income has yet been col-

lected.” See IRS statement regarding the active trade or business requirement for section 355 distributions, dated September 25, 2018, available at <http://www.irs.gov/newsroom/statements-from-office-of-the-chief-counsel>. The ATB analysis underlying the holdings in Rev. Rul. 57-464 and Rev. Rul. 57-492 focuses, in significant part, on the lack of income generated by the activities under consideration. Consequently, these rulings could be interpreted as requiring income generation for a business to qualify as an ATB.

Accordingly, Rev. Rul. 57-464 and Rev. Rul. 57-492 are suspended pending completion of the study. See IRM 32.2.2.8.1, para. 9 (Aug. 11, 2004) (providing that a revenue ruling can be suspended “only in rare situations to show

that previously published guidance will not be applied pending some future action, such as . . . the outcome of a Service study”).

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 57-464 and Rev. Rul. 57-492 are suspended.

DRAFTING INFORMATION

The principal author of this revenue ruling is Lola L. Johnson of the Office of Chief Counsel (Corporate). For further information regarding this revenue ruling, please contact Ms. Johnson at (202) 317-5024.

Part III. Administrative, Procedural, and Miscellaneous

Penalty Relief for Missing Negative Tax Basis Capital Account Information

Notice 2019–20

This Notice provides penalty relief under sections 6722 (failure to furnish correct payee statements), 6698 (failure to file partnership return), section 6038(b) and (c) (failure to furnish information with respect to certain partnerships), and any other section of the Internal Revenue Code (Code) for filing or furnishing Schedules K–1 or other forms or statements, where a penalty is imposed solely as a result of failing to include information about partners' negative tax basis capital accounts for taxable years that began after December 31, 2017, but before January 1, 2019.

BACKGROUND

Item L of Schedule K–1 to Form 1065 and Item F of Schedule K–1 to Form 8865 require reporting a partner's capital account. Generally, a partnership may report partner capital to a partner using tax basis, Generally Accepted Accounting Principles, section 704(b) book, or some other method. Pursuant to updates, the 2018 Instructions for Form 1065 and Partner's Instructions for Schedule K–1 (Form 1065) to Item L now require a partnership that does not report tax basis capital accounts to its partners to report, on line 20 of Schedule K–1 (Form 1065) using code AH, the amount of such partner's tax basis capital both at the beginning of the year and at the end of the year if either amount is negative (negative tax basis capital account information). The Instructions for Form 8865, Schedule K–1, incorporate this requirement by reference to the Instructions for Form 1065.

The Treasury Department and Internal Revenue Service (IRS) have become aware that certain persons and partnerships may be unable to comply timely with this new requirement.

PENALTY RELIEF

The IRS will waive penalties under section 6722 for failure to furnish a partner a Schedule K–1 (Form 1065) and under section 6698 for failure to file a Schedule K–1 (Form 1065) with a partnership return, under section 6038 for failure to furnish a Schedule K–1 (Form 8865), and under any other section of the Code for failure to file or furnish a Schedule K–1 or any other form or statement, for any penalty that arises solely as a result of failing to include negative tax basis capital account information if both the following conditions are met:

1. The Schedule K–1 or other applicable form or statement is timely filed, including extensions, with the IRS; is timely furnished to the appropriate partner, if applicable; and contains all other required information.
2. The person or partnership required to file the Schedule K–1 or other applicable form or statement files with the IRS, no later than one year after the original, unextended due date of the form to which the Schedule K–1 or other applicable form or statement must be attached, a schedule setting forth, for each partner for which negative tax basis capital account information is required:
 - a. the partnership's name and Employee Identification Number, if any, and Reference ID Number, if any;
 - b. the partner's name, address, and taxpayer identification number; and
 - c. the amount of the partner's tax basis capital account at the beginning and end of the tax year at issue.

The schedule should be captioned "Filed Under Notice 2019–20" and accord with instructions and additional guidance posted by the IRS on IRS.gov.

The due date for this supplemental schedule is determined without consideration of any extensions, automatic or otherwise, that may apply to the due date for the form itself. The schedule should be sent to the following address:

1973 North Rulon White Blvd.
Ogden, UT 84404-7843

MS 4700

Attn: Ogden PTE

This penalty relief applies only for a taxable year beginning after December 31, 2017, but before January 1, 2019. To receive a penalty waiver, a person or partnership is not required to file or furnish amended Schedules K-1 or other applicable amended forms or statements to partners or the IRS, or to file an administrative adjustment request under section 6227, if applicable. Partnerships or other persons should not delay filing or furnishing Schedules K–1 or other applicable forms or statements on account of this Notice. The timely filing and furnishing, including extensions, of Schedules K–1 or other applicable forms or statements is a requirement to be eligible for relief under this Notice. The IRS will post instructions and additional information about the relief provided by this Notice in the coming weeks on IRS.gov, where forms, instructions, and other tax assistance are available.

The penalty relief under this Notice will allow additional time for persons and partnerships to provide the negative tax basis capital account information with respect to their taxable years beginning after December 31, 2017, but before January 1, 2019.

CONTACT INFORMATION

The principal author of this Notice is Isaac Brooks Fishman of the Office of the Associate Chief Counsel (Procedure and Administration). For further information regarding this Notice contact Isaac Brooks Fishman at (202) 317-6844 (not a toll-free number).

Update for Weighted Average Interest Rates, Yield Curves, and Segment Rates

Notice 2019–21

This notice provides guidance on the corporate bond monthly yield curve, the corresponding spot segment rates used under § 417(e)(3), and the 24-month average

segment rates under § 430(h)(2) of the Internal Revenue Code. In addition, this notice provides guidance as to the interest rate on 30-year Treasury securities under § 417(e)(3)(A)(ii)(II) as in effect for plan years beginning before 2008 and the 30-year Treasury weighted average rate under § 431(c)(6)(E)(ii)(I).

YIELD CURVE AND SEGMENT RATES

Section 430 specifies the minimum funding requirements that apply to single-employer plans (except for CSEC plans under § 414(y)) pursuant to § 412. Section 430(h)(2) specifies the interest rates that must be used to determine a plan’s target normal cost and funding target. Under this provision, present value is generally determined using three 24-month average interest rates (“segment rates”), each of which applies to cash flows during specified periods. To the extent provided under

§ 430(h)(2)(C)(iv), these segment rates are adjusted by the applicable percentage of the 25-year average segment rates for the period ending September 30 of the year preceding the calendar year in which the plan year begins.¹ However, an election may be made under § 430(h)(2)(D)(ii) to use the monthly yield curve in place of the segment rates.

Notice 2007–81, 2007–44 I.R.B. 899, provides guidelines for determining the monthly corporate bond yield curve, and the 24-month average corporate bond segment rates used to compute the target normal cost and the funding target. Consistent with the methodology specified in Notice 2007–81, the monthly corporate bond yield curve derived from February 2019 data is in Table 2019–2 at the end of this notice. The spot first, second, and third segment rates for the month of February 2019 are, respectively, 3.01, 4.11, and 4.41.

The 24-month average segment rates determined under § 430(h)(2)(C)(i) through (iii) must be adjusted pursuant to § 430(h)(2)(C)(iv) to be within the applicable minimum and maximum percentages of the corresponding 25-year average segment rates. For plan years beginning before 2021, the applicable minimum percentage is 90% and the applicable maximum percentage is 110%. The 25-year average segment rates for plan years beginning in 2018 and 2019 were published in Notice 2017–50, 2017–41 I.R.B. 280, and Notice 2018–73, 2018–40 I.R.B. 526, respectively.

24-MONTH AVERAGE CORPORATE BOND SEGMENT RATES

The three 24-month average corporate bond segment rates applicable for March 2019 without adjustment for the 25-year average segment rate limits are as follows:

Applicable Month	24-Month Average Segment Rates Without 25-Year Average Adjustment		
	First Segment	Second Segment	Third Segment
March 2019	2.65	3.95	4.48

Based on § 430(h)(2)(C)(iv), the 24-month averages applicable for March

2019, adjusted to be within the applicable minimum and maximum percentages of

the corresponding 25-year average segment rates, are as follows:

For Plan Years Beginning In	Adjusted 24-Month Average Segment Rates			
	Applicable Month	First Segment	Second Segment	Third Segment
2018	March 2019	3.92	5.52	6.29
2019	March 2019	3.74	5.35	6.11

30-YEAR TREASURY SECURITIES INTEREST RATES

Section 431 specifies the minimum funding requirements that apply to multiemployer plans pursuant to § 412. Section 431(c)(6)(B) specifies a minimum amount for the full-funding limitation described in § 431(c)(6)(A), based on the plan’s current liability. Section 431(c)(6)(E)(ii)(I) provides that the interest rate used to calculate current

liability for this purpose must be no more than 5 percent above and no more than 10 percent below the weighted average of the rates of interest on 30-year Treasury securities during the four-year period ending on the last day before the beginning of the plan year. Notice 88–73, 1988–2 C.B. 383, provides guidelines for determining the weighted average interest rate. The rate of interest on 30-year Treasury securities for February 2019 is 3.02 percent. The Service

determined this rate as the average of the daily determinations of yield on the 30-year Treasury bond maturing in November 2048 determined each day through February 6, 2019 and the yield on the 30-year Treasury bond maturing in February 2049 determined each day for the balance of the month. For plan years beginning in March 2019, the weighted average of the rates of interest on 30-year Treasury securities and the permis-

¹Pursuant to § 433(h)(3)(A), the 3rd segment rate determined under § 430(h)(2)(C) is used to determine the current liability of a CSEC plan (which is used to calculate the minimum amount of the full funding limitation under § 433(c)(7)(C)).

sible range of rates used to calculate current liability are as follows:

For Plan Years Beginning In	<i>Treasury Weighted Average Rates</i>		Permissible Range 90% to 105%
	30-Year Treasury Weighted Average		
March 2019	2.93		2.64 to 3.08

**MINIMUM PRESENT VALUE
SEGMENT RATES**

computed without regard to a 24-month average. Notice 2007–81 provides guidelines for determining the minimum present value segment rates. Pursuant to that notice, the minimum present value seg-

ment rates determined for February 2019 are as follows:

In general, the applicable interest rates under § 417(e)(3)(D) are segment rates

Month	<i>Minimum Present Value Segment Rates</i>		
	First Segment	Second Segment	Third Segment
February 2019	3.01	4.11	4.41

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associ-

ate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development of

this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Paul Stern at 202-317-8702 (not toll-free numbers).

Table 2019-2
 Monthly Yield Curve for February 2019
 Derived from February 2019 Data

<i>Maturity</i>	<i>Yield</i>								
0.5	2.72	20.5	4.43	40.5	4.41	60.5	4.41	80.5	4.41
1.0	2.84	21.0	4.43	41.0	4.41	61.0	4.41	81.0	4.41
1.5	2.94	21.5	4.42	41.5	4.41	61.5	4.41	81.5	4.41
2.0	3.00	22.0	4.42	42.0	4.41	62.0	4.41	82.0	4.41
2.5	3.04	22.5	4.42	42.5	4.41	62.5	4.41	82.5	4.41
3.0	3.06	23.0	4.42	43.0	4.41	63.0	4.41	83.0	4.41
3.5	3.07	23.5	4.41	43.5	4.41	63.5	4.41	83.5	4.41
4.0	3.09	24.0	4.41	44.0	4.41	64.0	4.41	84.0	4.41
4.5	3.13	24.5	4.41	44.5	4.41	64.5	4.41	84.5	4.41
5.0	3.18	25.0	4.41	45.0	4.41	65.0	4.41	85.0	4.41
5.5	3.24	25.5	4.41	45.5	4.41	65.5	4.41	85.5	4.41
6.0	3.32	26.0	4.41	46.0	4.41	66.0	4.41	86.0	4.41
6.5	3.40	26.5	4.41	46.5	4.41	66.5	4.41	86.5	4.41
7.0	3.49	27.0	4.40	47.0	4.41	67.0	4.41	87.0	4.41
7.5	3.59	27.5	4.40	47.5	4.41	67.5	4.41	87.5	4.41
8.0	3.68	28.0	4.40	48.0	4.41	68.0	4.41	88.0	4.41
8.5	3.77	28.5	4.40	48.5	4.41	68.5	4.41	88.5	4.41
9.0	3.85	29.0	4.40	49.0	4.41	69.0	4.41	89.0	4.41
9.5	3.93	29.5	4.40	49.5	4.41	69.5	4.41	89.5	4.41
10.0	4.01	30.0	4.40	50.0	4.41	70.0	4.41	90.0	4.41
10.5	4.07	30.5	4.40	50.5	4.41	70.5	4.41	90.5	4.41
11.0	4.13	31.0	4.40	51.0	4.41	71.0	4.41	91.0	4.41
11.5	4.19	31.5	4.40	51.5	4.41	71.5	4.41	91.5	4.41
12.0	4.24	32.0	4.40	52.0	4.41	72.0	4.41	92.0	4.41
12.5	4.28	32.5	4.40	52.5	4.41	72.5	4.41	92.5	4.41
13.0	4.31	33.0	4.40	53.0	4.41	73.0	4.41	93.0	4.41
13.5	4.34	33.5	4.40	53.5	4.41	73.5	4.41	93.5	4.41
14.0	4.36	34.0	4.40	54.0	4.41	74.0	4.41	94.0	4.41
14.5	4.38	34.5	4.40	54.5	4.41	74.5	4.41	94.5	4.41
15.0	4.40	35.0	4.40	55.0	4.41	75.0	4.41	95.0	4.41
15.5	4.41	35.5	4.40	55.5	4.41	75.5	4.41	95.5	4.41
16.0	4.42	36.0	4.40	56.0	4.41	76.0	4.41	96.0	4.41
16.5	4.42	36.5	4.40	56.5	4.41	76.5	4.41	96.5	4.41
17.0	4.43	37.0	4.40	57.0	4.41	77.0	4.41	97.0	4.41
17.5	4.43	37.5	4.40	57.5	4.41	77.5	4.41	97.5	4.41
18.0	4.43	38.0	4.41	58.0	4.41	78.0	4.41	98.0	4.41
18.5	4.43	38.5	4.41	58.5	4.41	78.5	4.41	98.5	4.41
19.0	4.43	39.0	4.41	59.0	4.41	79.0	4.41	99.0	4.41
19.5	4.43	39.5	4.41	59.5	4.41	79.5	4.41	99.5	4.41
20.0	4.43	40.0	4.41	60.0	4.41	80.0	4.41	100.0	4.41

Phase-out of Credit for New Qualified Plug-in Electric Drive Motor Vehicles

Notice 2019–22

SECTION 1. PURPOSE

This notice announces the credit phase-out schedule for new qualified plug-in electric drive motor vehicles sold by General Motors, LLC.

SECTION 2. BACKGROUND

Section 30D(a) of the Internal Revenue Code provides for a credit for certain new qualified plug-in electric drive motor vehicles. The new qualified plug-in electric drive motor vehicle credit begins to phase out for a manufacturer’s vehicles in the second calendar quarter after the calendar quarter in which at least 200,000 of the manufacturer’s vehicles that qualify for the credit have been sold for use or lease in the United States (determined on a cumulative basis for sales after December 31, 2009). Taxpayers purchasing the manufacturer’s vehicles during the first two calendar quarters of the phase-out period may claim 50 percent of the otherwise allowable credit. Taxpayers purchasing the manufacturer’s vehicles during the third and fourth calendar quarters of the

phase-out period may claim 25 percent of the otherwise allowable credit. No credit is available for vehicles purchased after the last day of the fourth calendar quarter of the phase-out period.

Notice 2009–89, 2009–48 I.R.B. 714, provides procedures for a vehicle manufacturer (or in the case of a foreign vehicle manufacturer, its domestic distributor) to certify to the Internal Revenue Service (Service) both (1) that a particular make, model and model year of vehicle qualifies as a plug-in electric drive motor vehicle and (2) the amount of the credit allowable with respect to that vehicle.

Section 5.05 of Notice 2009–89 requires a manufacturer (or, in the case of a foreign vehicle manufacturer, its domestic distributor) that has received from the Service an acknowledgement of its certification for a particular make, model, and model year of vehicle to submit to the Service a report of the number of qualified vehicles sold by the manufacturer (or, in the case of a foreign vehicle manufacturer, its domestic distributor) to consumers or retail dealers during the calendar quarter. A qualified vehicle is defined for this purpose as any vehicle that is a new qualified plug-in electric drive motor vehicle.

In accordance with section 5.05 of Notice 2009–89, General Motors, LLC has submitted reports that indicate that its cumulative sales of qualified vehicles reached the 200,000-vehicle limit during

the calendar quarter ending December 31, 2018. Accordingly, the credit for all new qualified plug-in electric drive motor vehicles sold by General Motors, LLC will begin to phase out April 1, 2019.

SECTION 3. SCOPE OF NOTICE

This notice applies to any make, model, or model year of new qualified plug-in electric drive motor vehicle that is –

- (1) sold by General Motors, LLC; and
- (2) purchased for use or lease in the United States on or after April 1, 2019.

SECTION 4. CREDIT AMOUNT

If a new qualified plug-in electric drive motor vehicle sold by General Motors, LLC is purchased for use or lease on or after April 1, 2019, the allowable credit is as follows:

- (1) For vehicles purchased for use or lease on or after April 1, 2019, and on or before September 30, 2019, the credit is 50 percent of the otherwise allowable amount determined under § 30D(b);
- (2) For vehicles purchased for use or lease on or after October 1, 2019, and on or before March 31, 2020, the credit is 25 percent of the otherwise allowable amount determined under § 30D(b);
- (3) For vehicles purchased for use or lease on or after April 1, 2020, no credit is allowable.

Qualifying Vehicle	Full Credit When Purchased through 3/31/2019; (first quarter = 100% credit allowed)	Reduced Credit When Purchased from 4/1/2019 through 9/30/2019 (2nd & 3rd quarters = 50% credit allowed)	Reduced Credit When Purchased from 10/1/2019 through 3/31/2020 (4th & 5th quarters = 25% credit allowed)	Credit available starting 4/1/2020
Chevrolet Volt 2011–2019	\$7,500	\$3,750	\$1,875	\$0
Chevrolet Spark EV 2014–2016	\$7,500	\$3,750	\$1,875	\$0
Chevrolet Bolt 2017–2019	\$7,500	\$3,750	\$1,875	\$0
Cadillac ELR 2014, 2016	\$7,500	\$3,750	\$1,875	\$0
Cadillac CT6 Plug-In 2017–2018	\$7,500	\$3,750	\$1,875	\$0

SECTION 5: DRAFTING INFORMATION

The principal author of this notice is Maggie Stehn of the Office of Associate Chief Counsel (Passthroughs & Special Industries). For further information regarding this notice contact Ms. Stehn at (202) 317-4547 (not a toll-free number).

Determination of Housing Cost Amounts Eligible for Exclusion or Deduction for 2019

Notice 2019-24

SECTION 1. PURPOSE

This notice provides adjustments to the limitation on housing expenses for purposes of section 911 of the Internal Revenue Code for specific locations for 2019. These adjustments are made on the basis of geographic differences in housing costs relative to housing costs in the United States.

SECTION 2. BACKGROUND

Section 911(a) allows a qualified individual to elect to exclude from gross in-

come the foreign earned income and housing cost amount of such individual. The term “housing cost amount” is generally the total of the housing expenses for the taxable year minus a base housing amount. See section 911(c)(1). For this purpose, the housing expenses taken into account are limited to an amount that is tied to the maximum foreign earned income exclusion. Specifically, the limit on such housing expenses equals 30 percent (adjusted as may be provided under the Secretary’s authority under section 911(c)(2)(B)) of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. See sections 911(c)(2)(A) and 911(d)(1). Thus, under this general limitation, a qualified individual whose entire taxable year is within the applicable period is limited to maximum housing expenses of \$31,770 (\$105,900 x .30) for 2019.

Similarly, the computation of the base housing amount is also tied to the maximum foreign earned income exclusion. Specifically, the base housing amount is 16% of the maximum exclusion amount (computed on a daily basis), multiplied by the number of days in the applicable period that fall within the taxable year. See

sections 911(c)(1)(B) and 911(d)(1). Assuming that the entire taxable year of a qualified individual is within the applicable period, the base housing amount for 2019 is \$16,944 (\$105,900 x .16). Section 911(c)(2)(B) authorizes the Secretary to issue regulations or other guidance to adjust the percentage under section 911(c)(2)(A)(i) (which determines the limit on housing expenses) based on geographic differences in housing costs relative to housing costs in the United States. Pursuant to this authority, the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have published annual notices concerning the limitation on the section 911 housing cost amounts since the 2006 taxable year.

For more background on the foreign housing exclusion, <https://www.irs.gov/individuals/international-taxpayers/foreign-housing-exclusion-or-deduction>.

SECTION 3. TABLE OF ADJUSTED LIMITATIONS FOR 2019

The following table provides adjusted limitations on housing expenses (in lieu of the otherwise applicable limitation of \$31,770) for 2019.

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Angola	Luanda	84,000	230.14
Argentina	Buenos Aires	56,500	154.79
Australia	Perth	32,300	88.49
Australia	Sydney	61,000	167.12
Austria	Vienna	35,400	96.99
Bahamas, The	Nassau	49,700	136.16
Bahrain	Bahrain	48,300	132.33
Barbados	Barbados	37,700	103.29
Barbados	Bridgetown	37,700	103.29
Belgium	Brussels	41,900	114.79
Belgium	Gosselies	37,300	102.19
Belgium	Mons	37,300	102.19
Belgium	SHAPE/Chievres	37,300	102.19
Bermuda	Bermuda	90,000	246.58
Brazil	Rio de Janeiro	35,100	96.16
Brazil	Sao Paulo	56,600	155.07
Canada	Calgary	38,500	105.48

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Canada	Montreal	52,500	143.84
Canada	Ottawa	43,600	119.45
Canada	Quebec	34,900	95.62
Canada	Toronto	50,200	137.53
Canada	Vancouver	43,700	119.73
Canada	Victoria	39,500	108.22
Cayman Islands	Grand Cayman	48,000	131.51
Chile	Santiago	39,100	107.12
China	Beijing	71,200	195.07
China	Hong Kong	114,300	313.15
China	Shanghai	57,001	156.17
Colombia	Bogota	58,700	160.82
Colombia	All cities other than Bogota	49,400	135.34
Costa Rica	San Jose	32,000	87.67
Democratic Republic of the Congo	Kinshasa	42,000	115.07
Denmark	Copenhagen	43,704	119.74
Dominican Republic	Santo Domingo	45,500	124.66
Ecuador	Quito	38,200	104.66
El Salvador	San Salvador	32,000	87.67
Estonia	Tallinn	46,600	127.67
France	Garches	71,800	196.71
France	Lyon	39,700	108.77
France	Marseille	38,700	106.03
France	Montpellier	32,000	87.67
France	Paris	71,800	196.71
France	Sevres	71,800	196.71
France	Suresnes	71,800	196.71
France	Versailles	71,800	196.71
France	All cities other than Garches, Le Havre, Lyon, Marseille, Montpellier, Paris, Sevres, Suresnes, and Versailles	31,900	87.40
Germany	Babenhhausen	35,200	96.44
Germany	Baumholder	35,000	95.89
Germany	Berlin	43,000	117.81
Germany	Birkenfeld	35,000	95.89
Germany	Boeblingen	42,300	115.89
Germany	Bonn	42,000	115.07
Germany	Cologne	56,200	153.97
Germany	Darmstadt	35,200	96.44
Germany	Frankfurt am Main	36,800	100.82
Germany	Garmisch-Partenkirchen	33,100	90.68
Germany	Gelnhausen	44,400	121.64
Germany	Giessen	36,000	98.63
Germany	Grafenwoehr	35,600	97.53
Germany	Hanau	44,400	121.64

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Germany	Heidelberg	32,900	90.14
Germany	Idar-Oberstein	35,000	95.89
Germany	Ingolstadt	50,300	137.81
Germany	Kaiserslautern, Landkreis	43,200	118.36
Germany	Karlsruhe	34,000	93.15
Germany	Koblenz	34,600	94.79
Germany	Leimen	32,900	90.14
Germany	Ludwigsburg	42,300	115.89
Germany	Mainz	48,100	131.78
Germany	Mannheim	32,900	90.14
Germany	Munich	50,300	137.81
Germany	Nellingen	42,300	115.89
Germany	Neubruেকে	35,000	95.89
Germany	Ober Ramstadt	35,200	96.44
Germany	Oberammergau	33,100	90.68
Germany	Pfullendorf	34,600	94.79
Germany	Pirmasens	43,200	118.36
Germany	Rheinau	32,900	90.14
Germany	Schwetzingen	32,900	90.14
Germany	Seckenheim	32,900	90.14
Germany	Sembach	43,200	118.36
Germany	Stuttgart	42,300	115.89
Germany	Vilseck	35,600	97.53
Germany	Wahn	42,000	115.07
Germany	Wiesbaden	48,100	131.78
Germany	Zweibruecken	43,200	118.36
Germany	All cities other than Augsburg, Babenhausen, Bad Aibling, Bad Kreuznach, Bad Nauheim, Baumholder, Berchtesgaden, Berlin, Birkenfeld, Boeblingen, Bonn, Bremen, Bremerhaven, Butzbach, Cologne, Darmstadt, Delmenhorst, Duesseldorf, Erlangen, Flensburg, Frankfurt am Main, Friedberg, Fuerth, Garlstadt, Garmisch-Partenkirchen, Geilenkirchen, Gelnhausen, Germersheim, Giebelstadt, Grafenwoehr, Grefrath, Greven, Gruenstadt, Hamburg, Hanau, Handorf, Hannover, Heidelberg, Heilbronn, Herongen, Idar-Oberstein, Ingolstadt, Kaiserslautern, Landkreis, Kalkar, Karlsruhe, Kerpen, Kitzingen, Koblenz, Leimen, Leipzig, Ludwigsburg, Mainz, Mannheim, Mayen, Moenchen-Gladbach, Muenster, Munich, Nellingen, Neubruেকে, Noervenich, Nuernberg, Ober Ramstadt, Oberammergau, Osterholz-Scharmbeck, Pfullendorf, Pirmasens, Rheinau, Rheinberg, Schwabach, Schwetzingen, Seckenheim, Sembach, Stuttgart, Twisteden, Vilseck, Wahn, Wertheim, Wiesbaden, Worms, Wuerzburg, Zirndorf and Zweibruecken	34,600	94.79
Ghana	Accra	36,000	98.63
Greece	Athens	35,200	96.44
Greece	Elefsis	35,200	96.44

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Greece	Ellinikon	35,200	96.44
Greece	Mt. Parnis	35,200	96.44
Greece	Mt. Pateras	35,200	96.44
Greece	Nea Makri	35,200	96.44
Greece	Piraeus	35,200	96.44
Greece	Tanagra	35,200	96.44
Guatemala	Guatemala City	42,000	115.07
Guinea	Conakry	51,300	140.55
Guyana	Georgetown	35,000	95.89
Holy See, The	Holy See, The	47,900	131.23
Hungary	Budapest	32,500	89.04
India	Mumbai	67,920	186.08
India	New Delhi	56,124	153.76
Indonesia	Jakarta	37,776	103.50
Ireland	Dublin	41,600	113.97
Ireland	Shannon Area	32,900	90.14
Israel	Beer Sheva	54,100	148.22
Israel	Tel Aviv	50,800	139.18
Italy	Genoa	41,800	114.52
Italy	La Spezia	40,400	110.68
Italy	Milan	71,500	195.89
Italy	Naples	49,100	134.52
Italy	Parma	36,300	99.45
Italy	Pordenone-Aviano	38,100	104.38
Italy	Rome	47,900	131.23
Italy	Turin	35,800	98.08
Italy	Vicenza	39,900	109.32
Jamaica	Kingston	41,200	112.88
Japan	Atsugi	41,600	113.97
Japan	Camp Zama	41,600	113.97
Japan	Chiba-Ken	41,600	113.97
Japan	Fussa	41,600	113.97
Japan	Gifu	74,300	203.56
Japan	Haneda	41,600	113.97
Japan	Iwakuni	32,800	89.86
Japan	Kanagawa-Ken	41,600	113.97
Japan	Komaki	74,300	203.56
Japan	Machidi-Shi	41,600	113.97
Japan	Misawa	33,200	90.96
Japan	Nagoya	74,300	203.56
Japan	Okinawa Prefecture	58,600	160.55
Japan	Osaka-Kobe	90,664	248.39
Japan	Sagamihara	41,600	113.97
Japan	Saitama-Ken	41,600	113.97
Japan	Sasebo	34,700	95.07

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Japan	Tachikawa	41,600	113.97
Japan	Tokyo	93,200	255.34
Japan	Tokyo-to	41,600	113.97
Japan	Yokohama	49,600	135.89
Japan	Yokosuka	50,200	137.53
Japan	Yokota	39,200	107.40
Jerusalem	Jerusalem	49,000	134.25
Jerusalem	West Bank	49,000	134.25
Kazakhstan	Almaty	48,000	131.51
Korea	Camp Colbern	54,200	148.49
Korea	Camp Market	57,600	157.81
Korea	Camp Mercer	54,200	148.49
Korea	K-16	57,600	157.81
Korea	Kimpo Airfield	57,600	157.81
Korea	Munsan	32,900	90.14
Korea	Osan AB	37,100	101.64
Korea	Pyongtaek	41,000	112.33
Korea	Seoul	57,600	157.81
Korea	Suwon	57,600	157.81
Korea	Taegu	34,900	95.62
Korea	Tongduchon	35,200	96.44
Korea	Uijongbu	31,800	87.12
Kuwait	Kuwait City	64,400	176.44
Kuwait	All cities other than Kuwait City	57,700	158.08
Luxembourg	Luxembourg	39,200	107.40
Macedonia	Skopje	35,400	96.99
Malaysia	Kuala Lumpur	46,200	126.58
Malaysia	All cities other than Kuala Lumpur	33,700	92.33
Malta	Malta	55,100	150.96
Mexico	Merida	37,900	103.84
Mexico	Mexico City	47,900	131.23
Mexico	Monterrey	33,200	90.96
Mexico	All cities other than Ciudad Juarez, Cuernavaca, Guadalajara, Hermosillo, Matamoros, Mazatlan, Merida, Metapa, Mexico City, Monterrey, Nogales, Nuevo Laredo, Reynosa, Tapachula, Tijuana, Tuxtla Gutierrez, and Veracruz	39,400	107.95
Mozambique	Maputo	39,500	108.22
Namibia	Windhoek	32,100	87.95
Netherlands	Amsterdam	52,900	144.93
Netherlands	Aruba	36,000	98.63
Netherlands	Brunssum	35,100	96.16
Netherlands	Eygelshoven	35,100	96.16
Netherlands	Hague, The	57,000	156.16
Netherlands	Heerlen	35,100	96.16
Netherlands	Hoensbroek	35,100	96.16

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Netherlands	Hulsberg	35,100	96.16
Netherlands	Kerkrade	35,100	96.16
Netherlands	Landgraaf	35,100	96.16
Netherlands	Maastricht	35,100	96.16
Netherlands	Papendrecht	34,400	94.25
Netherlands	Rotterdam	34,400	94.25
Netherlands	Schaesburg	35,100	96.16
Netherlands	Schinnen	35,100	96.16
Netherlands	Schiphol	52,900	144.93
Netherlands	Ypenburg	57,000	156.16
Netherlands	All cities other than Amsterdam, Aruba, Brunssum, Coevorden, Eygelsloven, The Hague, Heerlen, Hoensbroek, Hulsberg, Kerkrade, Landgraaf, Maastricht, Margraten, Papendrecht, Rotterdam, Schaesburg, Schinnen, Schiphol, and Ypenburg.	33,900	92.88
Netherlands Antilles	Curacao	45,800	125.48
New Zealand	Auckland	35,700	97.81
New Zealand	Christchurch	32,100	87.95
New Zealand	Wellington	33,800	92.60
Nicaragua	Managua	31,800	87.12
Nigeria	Abuja	36,000	98.63
Norway	Oslo	35,200	96.44
Oman	Muscat	41,300	113.15
Panama	Panama City	39,500	108.22
Peru	Lima	39,100	107.12
Philippines	Cavite	32,400	88.77
Philippines	Manila	37,380	102.41
Portugal	Alverca	43,800	120.00
Portugal	Lisbon	43,800	120.00
Qatar	Doha	45,888	125.72
Qatar	All cities other than Doha	32,400	88.77
Romania	Bucharest	41,200	112.88
Russia	Moscow	108,000	295.89
Russia	Saint Petersburg	60,000	164.38
Russia	Sakhalin Island	77,500	212.33
Russia	Vladivostok	77,500	212.33
Russia	Yekaterinburg	47,400	129.86
Saudi Arabia	Riyadh	40,000	109.59
Singapore	Singapore	82,900	227.12
Slovenia	Ljubljana	50,200	137.53
South Africa	Pretoria	39,300	107.67
Spain	Barcelona	40,600	111.23
Spain	Madrid	58,300	159.73
Spain	Rota	35,600	97.53
Spain	Valencia	33,500	91.78
Suriname	Paramaribo	33,000	90.41

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
Switzerland	Bern	66,200	181.37
Switzerland	Geneva	94,300	258.36
Switzerland	Zurich	39,219	107.45
Switzerland	All cities other than Bern, Geneva, and Zurich	32,900	90.14
Taiwan	Taipei	46,188	126.54
Tanzania	Dar Es Salaam	44,000	120.55
Thailand	Bangkok	59,000	161.64
Trinidad and Tobago	Port of Spain	54,500	149.32
Ukraine	Kiev	72,000	197.26
United Arab Emirates	Abu Dhabi	49,687	136.13
United Arab Emirates	Dubai	57,174	156.64
United Kingdom	Basingstoke	41,099	112.60
United Kingdom	Bath	41,000	112.33
United Kingdom	Bracknell	62,100	170.14
United Kingdom	Brookwood	35,500	97.26
United Kingdom	Cambridge	34,400	94.25
United Kingdom	Caversham	73,800	202.19
United Kingdom	Cheltenham	41,900	114.79
United Kingdom	Croughton	36,200	99.18
United Kingdom	Fairford	34,200	93.70
United Kingdom	Farnborough	54,700	149.86
United Kingdom	Felixstowe	33,200	90.96
United Kingdom	Gibraltar	44,616	122.24
United Kingdom	Harrogate	37,400	102.47
United Kingdom	High Wycombe	62,100	170.14
United Kingdom	Huntingdon	35,500	97.26
United Kingdom	Kemble	34,200	93.70
United Kingdom	Lakenheath	45,600	124.93
United Kingdom	London	69,200	189.59
United Kingdom	Loudwater	54,600	149.59
United Kingdom	Menwith Hill	37,400	102.47
United Kingdom	Mildenhall	45,600	124.93
United Kingdom	Oxfordshire	34,800	95.34
United Kingdom	Plymouth	34,800	95.34
United Kingdom	Portsmouth	34,800	95.34
United Kingdom	Reading	62,100	170.14
United Kingdom	Rochester	35,700	97.81
United Kingdom	Samlesbury	35,500	97.26
United Kingdom	Southampton	44,200	121.10
United Kingdom	Surrey	48,402	132.61
United Kingdom	Waterbeach	35,500	97.26
United Kingdom	Wiltshire	33,500	91.78

Country	Location	Limitation on Housing Expenses (full year)	Limitation on Housing Expenses (daily)
United Kingdom	All cities other than Basingstoke, Bath, Belfast, Birmingham, Bracknell, Bristol, Brookwood, Brough, Cambridge, Caversham, Chelmsford, Cheltenham, Chicksands, Croughton, Dunstable, Edinburgh, Edzell, Fairford, Farnborough, Felixstowe, Ft. Halstead, Gibraltar, Glenrothes, Greenham Common, Harrogate, High Wycombe, Huntingdon, Hythe, Kemble, Lakenheath, Liverpool, London, Loudwater, Menwith Hill, Mildenhall, Nottingham, Oxfordshire, Plymouth, Portsmouth, Reading, Rochester, Samsbury, Southampton, Surrey, Waterbeach, Welford, West Byfleet, and Wiltshire.	35,500	97.26
Venezuela	Caracas	57,000	156.16
Vietnam	Hanoi	46,800	128.22
Vietnam	Ho Chi Minh City	42,000	115.07

SECTION 4. OPTION TO APPLY 2019 ADJUSTED LIMITATIONS TO 2018 TAXABLE YEAR

For some locations, the limitation on housing expenses provided in Section 3 of this notice may be higher than the limitation on housing expenses provided in the “Table of Adjusted Limitations for 2018” in Notice 2018–44. A qualified individual incurring housing expenses in such a location during 2018 may apply the adjusted limitation on housing expenses provided in Section 3 of this notice for 2019 in lieu of the amounts provided in the “Table of Adjusted Limitations for 2018” in Notice 2018–44 (and as set forth in the Instructions to Form 2555, *Foreign Earned Income*, for 2018).

The Treasury Department and the IRS anticipate that future annual notices providing adjustments to housing expense limitations will make a similar option available to qualified individuals that incur housing expenses in the immediately preceding year. For example, when adjusted housing expense limitations for 2020 are issued, it is expected that taxpayers will be permitted to apply those adjusted limitations to the 2019 taxable year.

SECTION 5. Filing Prior Year or Amended Tax Returns

Notice 2011–8, 2011–8 I.R.B. 503; Notice 2012–19, 2012–10 I.R.B. 440; Notice 2013–31, 2013–21 I.R.B. 1099; No-

tice 2014–29, 2014–18 I.R.B. 991; Notice 2015–33, 2015–18 I.R.B. 934; Notice 2016–21, 2016–12 I.R.B. 465; Notice 2017–21, 2017–13 I.R.B. 1026; and Notice 2018–44, 2018–21 I.R.B. 611 are relisted to assist those individuals who are filing prior year or amended tax returns.

SECTION 6. EFFECT ON OTHER DOCUMENTS

This notice supersedes Notice 2006–87, 2006–43 I.R.B. 766; Notice 2007–25, 2007–12 I.R.B. 760; Notice 2007–77, 2007–40 I.R.B. 735; Notice 2008–107, 2008–50 I.R.B. 1265; Notice 2010–27, 2010–15 I.R.B. 531; Notice 2011–8, 2011–8 I.R.B. 503; Notice 2012–19, 2012–10 I.R.B. 440; Notice 2013–31, 2013–21 I.R.B. 1099; Notice 2014–29, 2014–18 I.R.B. 991; Notice 2015–33, 2015–18 I.R.B. 934; Notice 2016–21, 2016–12 I.R.B. 465; Notice 2017–21, 2017–13 I.R.B. 1026, and Notice 2018–44, 2018–21 I.R.B. 611.

SECTION 7. EFFECTIVE DATE

This notice is effective for taxable years beginning on or after January 1, 2019. However, as provided in Section 4, a taxpayer may apply the 2019 adjusted housing limitations contained in Section 3 of this notice to his or her taxable year beginning in 2018.

SECTION 8. DRAFTING INFORMATION

The principal author of this notice is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this notice contact Kate Y. Hwa at (202) 317-5001 (not a toll-free number).

26 CFR 1.911-2: Qualified Individuals (Also: Part I, §§ 911; 1.911-2.)

Rev. Proc. 2019–15

SECTION 1. PURPOSE

.01 This revenue procedure provides information to any individual who failed to meet the eligibility requirements of section 911(d)(1) of the Internal Revenue Code because adverse conditions in a foreign country precluded the individual from meeting those requirements.

.02 The Internal Revenue Service previously has listed countries for which the eligibility requirements of section 911(d)(1) of the Code are waived under section 911(d)(4) because of adverse conditions in those countries. See Rev. Proc. 2018–23, 2018–17, I.R.B. 516.

SECTION 2. BACKGROUND

.01 Section 911(a) of the Code allows a “qualified individual,” as defined in section 911(d)(1), to exclude from gross in-

come the individual's foreign earned income and the housing cost amount.

.02 Section 911(d)(1) of the Code defines the term "qualified individual" as an individual whose tax home is in a foreign country and who is (A) a citizen of the United States and establishes to the satisfaction of the Secretary of the Treasury that the individual has been a *bona fide* resident of a foreign country or countries for an uninterrupted period that includes an entire taxable year, or (B) a citizen or resident of the United States who, during any period of 12 consecutive months, is

present in a foreign country or countries during at least 330 full days.

.03 Section 911(d)(4) of the Code provides an exception to the eligibility requirements of section 911(d)(1). An individual will be treated as a qualified individual with respect to a period in which the individual was a *bona fide* resident of, or was present in, a foreign country if the individual left the country during a period for which the Secretary of the Treasury, after consultation with the Secretary of State, determines that individuals were required to leave because of war, civil unrest, or similar adverse conditions

that precluded the normal conduct of business. An individual must establish that but for those conditions the individual could reasonably have been expected to meet the eligibility requirements.

SECTION 3. APPLICATION

.01 For 2018, the Secretary of the Treasury, in consultation with the Secretary of State, has determined that war, civil unrest, or similar adverse conditions precluded the normal conduct of business in the following countries beginning on the specified date:

<i>Country</i>	<i>Date of Departure On or After</i>
Congo, Democratic Republic of the	December 14, 2018
Cuba	January 4, 2018
Iraq	September 28, 2018
Nicaragua	July 6, 2018

For example, for purposes of section 911 of the Code, an individual who left the Democratic Republic of Congo on or after December 14, 2018, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a *bona fide* resident of, the Democratic Republic of Congo if the individual establishes a reasonable expectation that he or she would have met the requirements of section 911(d) but for those conditions.

.02 To qualify for relief under section 911(d)(4) of the Code, an individual must have established residency, or have been physically present, in the foreign country on or before the date that the Secretary of the Treasury determines that individuals were required to leave the foreign country. For example, individuals who were first

physically present or established residency in the Democratic Republic of Congo after December 14, 2018, are not eligible to qualify for the exception provided in section 911(d)(4) of the Code for taxable year 2018.

SECTION 4. EFFECT ON OTHER DOCUMENTS

Previously issued revenue procedures under section 911(d)(4) remain in full force and effect. However, Rev. Proc. 2018-23, 2018-17, I.R.B. 516, is supplemented.

SECTION 5. INQUIRIES

A taxpayer who needs assistance on how to claim this exclusion, or on how to file an amended return, should consult the

section under the heading **Foreign Earned Income Exclusion** at <https://www.irs.gov/individuals/international-taxpayers/us-citizens-and-resident-aliens-abroad>; consult the section under the heading **How to Get Tax Help** at the same web address; or contact a local IRS office.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Kate Y. Hwa of the Office of Associate Chief Counsel (International). For further information regarding this revenue procedure contact Kate Y. Hwa at (202) 317-5001 (not a toll free number).

Definition of Terms

Revenue rulings and revenue procedures (hereinafter referred to as “rulings”) that have an effect on previous rulings use the following defined terms to describe the effect:

Amplified describes a situation where no change is being made in a prior published position, but the prior position is being extended to apply to a variation of the fact situation set forth therein. Thus, if an earlier ruling held that a principle applied to A, and the new ruling holds that the same principle also applies to B, the earlier ruling is amplified. (Compare with *modified*, below).

Clarified is used in those instances where the language in a prior ruling is being made clear because the language has caused, or may cause, some confusion. It is not used where a position in a prior ruling is being changed.

Distinguished describes a situation where a ruling mentions a previously published ruling and points out an essential difference between them.

Modified is used where the substance of a previously published position is being changed. Thus, if a prior ruling held that a principle applied to A but not to B, and the new ruling holds that it applies to both A

and B, the prior ruling is modified because it corrects a published position. (Compare with *amplified* and *clarified*, above).

Obsoleted describes a previously published ruling that is not considered determinative with respect to future transactions. This term is most commonly used in a ruling that lists previously published rulings that are obsoleted because of changes in laws or regulations. A ruling may also be obsoleted because the substance has been included in regulations subsequently adopted.

Revoked describes situations where the position in the previously published ruling is not correct and the correct position is being stated in a new ruling.

Superseded describes a situation where the new ruling does nothing more than restate the substance and situation of a previously published ruling (or rulings). Thus, the term is used to republish under the 1986 Code and regulations the same position published under the 1939 Code and regulations. The term is also used when it is desired to republish in a single ruling a series of situations, names, etc., that were previously published over a period of time in separate rulings. If the new ruling does more than restate the sub-

stance of a prior ruling, a combination of terms is used. For example, *modified* and *superseded* describes a situation where the substance of a previously published ruling is being changed in part and is continued without change in part and it is desired to restate the valid portion of the previously published ruling in a new ruling that is self contained. In this case, the previously published ruling is first modified and then, as modified, is superseded.

Supplemented is used in situations in which a list, such as a list of the names of countries, is published in a ruling and that list is expanded by adding further names in subsequent rulings. After the original ruling has been supplemented several times, a new ruling may be published that includes the list in the original ruling and the additions, and supersedes all prior rulings in the series.

Suspended is used in rare situations to show that the previous published rulings will not be applied pending some future action such as the issuance of new or amended regulations, the outcome of cases in litigation, or the outcome of a Service study.

Abbreviations

The following abbreviations in current use and formerly used will appear in material published in the Bulletin.

A—Individual.
Acq.—Acquiescence.
B—Individual.
BE—Beneficiary.
BK—Bank.
B.T.A.—Board of Tax Appeals.
C—Individual.
C.B.—Cumulative Bulletin.
CFR—Code of Federal Regulations.
CI—City.
COOP—Cooperative.
Ct.D.—Court Decision.
CY—County.
D—Decedent.
DC—Dummy Corporation.
DE—Donee.
Del. Order—Delegation Order.
DISC—Domestic International Sales Corporation.
DR—Donor.
E—Estate.
EE—Employee.
E.O.—Executive Order.
ER—Employer.

ERISA—Employee Retirement Income Security Act.
EX—Executor.
F—Fiduciary.
FC—Foreign Country.
FICA—Federal Insurance Contributions Act.
FISC—Foreign International Sales Company.
FPH—Foreign Personal Holding Company.
F.R.—Federal Register.
FUTA—Federal Unemployment Tax Act.
FX—Foreign corporation.
G.C.M.—Chief Counsel’s Memorandum.
GE—Grantee.
GP—General Partner.
GR—Grantor.
IC—Insurance Company.
I.R.B.—Internal Revenue Bulletin.
LE—Lessee.
LP—Limited Partner.
LR—Lessor.
M—Minor.
Nonacq.—Nonacquiescence.
O—Organization.
P—Parent Corporation.
PHC—Personal Holding Company.
PO—Possession of the U.S.
PR—Partner.
PRS—Partnership.

PTE—Prohibited Transaction Exemption.
Pub. L.—Public Law.
REIT—Real Estate Investment Trust.
Rev. Proc.—Revenue Procedure.
Rev. Rul.—Revenue Ruling.
S—Subsidiary.
S.P.R.—Statement of Procedural Rules.
Stat.—Statutes at Large.
T—Target Corporation.
T.C.—Tax Court.
T.D.—Treasury Decision.
TFE—Transferee.
TFR—Transferor.
T.I.R.—Technical Information Release.
TP—Taxpayer.
TR—Trust.
TT—Trustee.
U.S.C.—United States Code.
X—Corporation.
Y—Corporation.
Z—Corporation.

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¹A cumulative list of all revenue rulings, revenue procedures, Treasury decisions, etc., published in Internal Revenue Bulletins 2018–27 through 2018–52 is in Internal Revenue Bulletin 2018–52, dated December 27, 2018.

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